

# California-Québec Joint Auction Participant Training Presentation

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# Auction Participant Training Agenda

- ❖ **Section I: Overview**
- ❖ **Section II: Auction Application Process**
- ❖ **Section III: Auction Participation & Bidding**
- ❖ **Section IV: Auction Results & Financial Settlement**
- ❖ **Contact Information**

# Auction Participant Training Agenda

## ❖ Section I: Overview

- Introduction
- General Auction Schedule
  - Auction Notice
  - Auction Eligibility
- Auction Administration
  - Allowances Offered for Sale
  - Auction Reserve Price Determination
  - Auction Exchange Rate
  - Auction Reserve Price Example
  - Compliance Instrument Tracking system Service (CITSS)
  - Access to Auction Platform

# Introduction

- The California Cap-and-Trade Program and Québec Cap-and-Trade System are linked, enabling the mutual acceptance of compliance instruments issued by each jurisdiction to be used for compliance with each program.
- As a result of the linked jurisdiction programs, California (CA) and Québec (QC) will hold joint greenhouse gas (GHG) allowance auctions to allow market participants to acquire GHG allowances.
- Auction and Reserve Sale Platform
  - Referred to as the Auction Platform for simplicity
  - Accessible at <https://www.wci-auction.org/ca> and <https://www.wci-auction.org/qc>

# General Auction Schedule

#	Activities	Approximate Auction Time Period	Time – Pacific Time (PT) / Eastern Time (ET)
1	<b>Auction Notice</b> released/ Auction application period opens	60 days prior to auction	12:00 PM (Noon) PT / 3:00 PM ET
2	Deadline for CA entities to make changes to corporate associations disclosures related to another registered entity.  Deadline for QC entities to make changes to CITSS information and submit all hard copy documents accompanying these changes	No later than 40 days prior to the auction	
3	Deadline for CA entities to make changes in auction application information and submit all hard copy documents accompanying these changes	No later than 30 days prior to auction	
4	Deadline for CA entities to complete or provide an update to the Auction Application Attestation Disclosure	No later than 30 days prior to auction	
5	Auction application period closes	30 days prior to auction	8:59 PM PT / 11:59 PM ET

# General Auction Schedule

#	Activities	Approximate Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
6	All <b>bid guarantees</b> due to Financial Services Administrator	12 days prior to auction	No later than 3:00 PM PT / 6:00 PM ET
7	Auction applicants approved and Account Representatives (PAR and AARs) notified	2 business days prior to auction	
8	<b>Auction Exchange Rate (FX Rate)</b> and <b>Auction Reserve Price</b> Determined and Posted	1 business day prior to auction	
9	Auction held	Date provided in Auction Notice	Bidding window
10	Auction certified, Joint Auction Summary Results Report released to the public, and Auction results available to qualified bidders	5 business days after auction	12:00 PM (Noon) PT / 3:00 PM ET
11	Financial settlement in cash due to Financial Services Administrator	7 days after certification of the auction and availability of auction results	No later than 3:00 PM PT / 6:00 PM ET

# General Auction Schedule

#	Activities	Approximate Auction Time Period	Time - Pacific Time (PT) / Eastern Time (ET)
12	Distribution of auction proceeds completed	9 business days after financial settlement is due	
13	Transfer of allowances into CITSS Accounts	9 business days after financial settlement is due	
14	California and Québec release separate Post Joint Auction Public Proceeds Reports	9 business days after financial settlement is due	
15	Earliest date for bid guarantee expiration	26 days after auction	

# Auction Notice

- Auction Notices are posted to the jurisdiction webpages 60 days prior to each auction.
  - Auction Notices provide information about eligibility, auction format, and the quantity of GHG allowances to be auctioned.
- Two supporting documents are posted to the jurisdiction webpages annually.
  - The **Detailed Auction Requirements and Instructions** document provides detailed requirements and instructions for participating in a joint auction.
  - The **Auction Examples** document provides information on auction bidding procedures and an outline of the settlement price determination process, as well as examples of how United States and Canadian currencies are managed, how to determine the amount of a bid guarantee, bid evaluation procedures for bidding limitations, and how joint auctions are settled.



# Auction Eligibility

- California and Québec entities with approved Compliance Instrument Tracking System Service (CITSS) accounts are eligible to participate in joint auctions.
- California entities (CA entities)
  - Refers to all entities registered under the California Cap-and-Trade Program: Covered entities, opt-in covered entities, and voluntarily associated entities.
- Québec entities (QC entities)
  - Refers to all entities registered under the Québec Cap-and-Trade System: Emitters and participants.

**Note:** In this presentation, the term “entity” refers to all CA entities and QC entities.

# Auction Administration

## Allowances Offered for Sale

- Allowances offered for sale in a joint auction are issued under the California Cap-and-Trade Program and the Québec Cap-and-Trade System.
- The allowances offered in the Current Auction may include multiple allowance types and allowances of vintages equal and prior to the current year.
  - Information on the specific quantity and types of allowances offered in the Current Auction will be made available in each Auction Notice.
- Allowances offered in the Advance Auction will be of a vintage year three years subsequent to the current calendar year.

# Auction Administration

## Auction Reserve Price Determination

- The Auction Reserve Price is the minimum price at which allowances offered in the Current Auction and Advance Auction will be sold.
- Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- The Auction Reserve Price will be determined as the higher of the Annual Auction Reserve Prices established in United States Dollars (USD) and Canadian Dollars (CAD) after applying the established Auction Exchange Rate (USD to CAD FX Rate).
- The Auction Reserve Price effective for the joint auction will be displayed in the Auction Platform the business day prior to the auction.
  - Auction Reserve Price is displayed in USD and CAD.

# Auction Administration

## Auction Exchange Rate

- An Auction Exchange Rate is determined prior to each joint auction.
- The Auction Exchange Rate is used to manage joint auction participation in USD and CAD.
- The Auction Exchange Rate (USD to CAD) in effect the day of the joint auction and for financial settlement by qualified bidders will be set the business day prior to the auction as the most recently available daily exchange rate for U.S. to Canadian dollars as published by the Bank of Canada.
- The Auction Exchange Rate is displayed in the Auction Platform prior to the opening of the auction bidding window as USD to CAD FX Rate.

# Auction Administration

## Auction Exchange Rate (cont'd)

- For a joint auction, both USD and CAD will be accepted, while all bid assessments and settlement prices will be determined in USD.
- CA entities may only participate in USD.
- QC entities have the option of participating in a joint auction in either USD or CAD. The currency selected during the auction application process will determine the currency of the bid guarantee and bids to be submitted, and completion of financial settlement.
  - No changes in the currency selected when the application is submitted will be allowed.

# Auction Administration

## Auction Exchange Rate (cont'd)

- The value of all bids and bid guarantees submitted in CAD will be converted into USD in whole cents using the established Auction Exchange Rate.
- For any QC entity that is participating in the joint auction in CAD, the total cost of allowances awarded will first be determined in USD and then converted to the CAD value using the Auction Exchange Rate to allow the entity to complete financial settlement in CAD.

# Auction Administration

## Auction Reserve Price Example (Not for Actual Use)

Auction Exchange Rate (USD to CAD FX Rate)	1.1000
Annual Auction Reserve Price Established in U.S. Dollars (USD)	<b>15.62</b>
Annual Auction Reserve Price Established in U.S. Dollars (CAD Value)	<b>17.18</b>
Annual Auction Reserve Price Established in Canadian Dollars (CAD)	15.31
Annual Auction Reserve Price Established in Canadian Dollars (USD Value)	13.92

- The values in bold in the table above indicate that in this example the Annual Auction Reserve Price Established in U.S. Dollars will be the Auction Reserve Price (\$15.62 USD and \$17.18 CAD).
- The Auction Exchange Rate of 1.1000 is for example purposes only and is not representative of the actual anticipated exchange rate for any auction.

# Auction Administration

## Auction Reserve Price Example (Not for Actual Use) (cont'd)

- Below is an example of how the **Auction Reserve Price** is displayed in the Auction Platform once the **Auction Exchange Rate** is determined and published.

Welcome to the GHG Allowance Auction & Reserve Sale Platform

The next Quarterly Auction will be held on 21 February 2018

432213  
DAYS HOURS MINS

Annual Auction Reserve Price	USD 14.53	CAD 14.68		
Auction Reserve Price	USD 14.53	CAD 15.98	1.1000	USD to CAD FX Rate

[Auction Reserve Price Determination Explanation](#)

### REPORTS

Document Type

**Auction** Template

Report or Document

Select ▼

Download



# Auction Administration

## Compliance Instrument Tracking System Service (CITSS)

- An entity must have an approved account in CITSS before applying to participate in an auction.
- Individuals must be approved as either the Primary Account Representative (PAR) or an Alternate Account Representative (AAR) on the entity's CITSS account in order to take actions in CITSS on behalf of the entity, for example:
  - Submit an auction application,
  - Edit or cancel an auction application,
  - Download Financial Services Delivery Instructions.

# Auction Administration

## Access to the Auction Platform

An entity's account representative in CITSS must have an active Auction Platform account before participating in an auction.

- Access to the Auction Platform is not required to submit an auction application.
- Access to the Auction Platform is discussed further later in this presentation.

# Auction Participant Training Agenda

## ❖ Section II: Auction Application Process

- Auction Application Process
  - **Step 1:** Submit an Auction Application
  - **Step 2:** Submit a Bid Guarantee
  - **Step 3:** Receive Notice of Approval to Participate in the Auction

# Auction Application

- One CITSS entity account representative (the PAR or an AAR) must complete the entity's auction application in CITSS to bid in the auction in the Auction Platform.
- Entity information for an approved auction application is maintained in CITSS to allow submittal of an auction application for future events.

# Auction Application Process

## Step 1: Complete and Submit an Auction Application

- Select the “Initiate Event Participation” button on the entity’s Auction tab in CITSS to start the auction application process
  - An auction application must be submitted in CITSS by the PAR or an AAR by no later than the date and time the auction application period closes as provided in the Auction Notice.

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

Company+B

This page shows information for your account or set of accounts. You may propose changes to the information listed under the General and Contact Information pages by selecting Edit Information at the bottom of the pages. You can remove or propose changes to Representatives, and Account Viewing Agents under their respective tabs. You can indicate your interest in participating in the next scheduled auction under the Auction Tab.

General Account

Compliance Account

General

Contact Information

Representatives

Account Viewing Agents

Holding Limits

Auction

Facilities

Auction and Reserve Sale Information

By selecting the "Auction and Reserve Sale Information" box below, you are agreeing to have your entity name, entity contact information, account numbers, representative names, representative phone numbers, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating your entity's participation in any upcoming auction or reserve sale. You may disable the "Auction and Reserve Sale Information" option if you wish to stop sharing your entity's information with the Auction and Reserve Sale Administrator and Financial Services Administrator. Information will continue to be shared with the Auction and Reserve Sale Administrator and Financial Services Administrator if an application to participate in an auction or reserve sale is submitted.

NOTE: Only covered and opt-in entities are eligible to participate in reserve sales.

Auction and Reserve Sale Information

☒

Updated By

B Smith

Last Updated

2016-10-27 20:36:43 EDT

Submit

Initiate Event Participation

The "Initiate Event Participation" button displays if there is an upcoming event that is open for applications. The "View Event Applications" button shows if the entity has submitted any applications for past or current events.

To participate in an event, select the "Initiate Event Participation" button to prepare new application information or resubmit application information as confirmation of intent to bid for an upcoming event. Select the "View Event Applications" button to view applications for past and upcoming events or to edit existing application information for an upcoming event.

Initiate Event Participation

View Event Applications

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- The Create Event Application/Confirm Existing Data for Event page has six panes:
  - Event Application Information
  - Forms of Bid Guarantee
  - Bid Guarantee Return Instructions – Cash Bid Guarantee
  - Bid Guarantee Return Instructions – Physical Bid Guarantee
  - Attestation
  - Confirm and Submit

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Confirm the event in which the applicant intends to bid
  - Select the appropriate auction event from the “Event” drop down menu.

### Create Event Application/Confirm Existing Data for Event

This page allows a representative to submit new application information or resubmit application information as confirmation of intent to bid for an upcoming event. Required fields are indicated by asterisks. Fields will be prepopulated with information from the most recently approved application. A representative may select one or a combination of forms of bid guarantee. If cash bid guarantee is selected, the representative must complete the “Bid Guarantee Return Instructions - Cash Bid Guarantee” pane. If a physical bid guarantee (any form other than cash) is selected, the representative must complete the “Bid Guarantee Return Instructions - Physical Bid Guarantee” pane.

[Bid Guarantee](#) [Attestation](#) [Submit](#)

#### Event Application Information

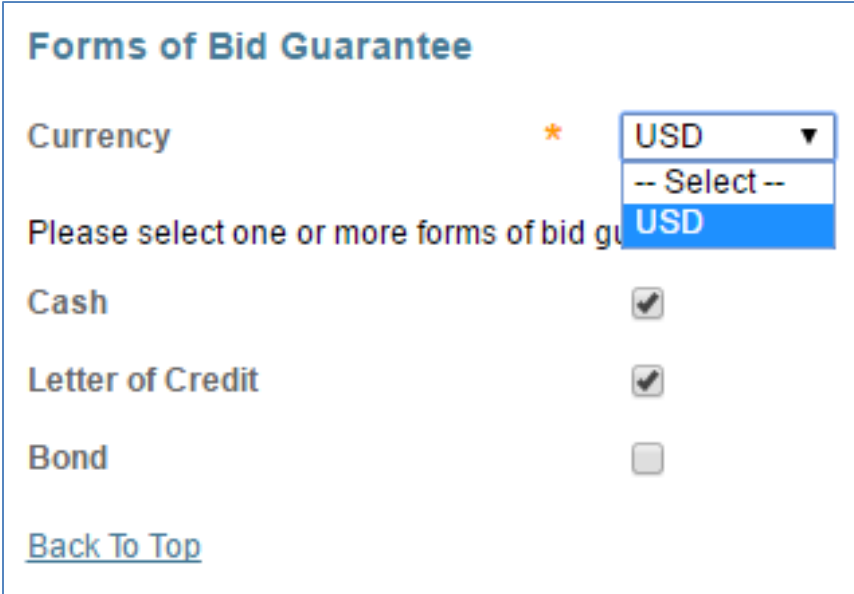
CITSS Entity ID	CA990
Legal Name	Austin Corp.
Operating Name	Texas Account
Event	* -- Select -- ▼



# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions
- **Currency:** QC entities have the option of choosing either USD or CAD from the “Currency” drop down menu. Currency selection cannot be changed after the close of an auction application period.



**Forms of Bid Guarantee**

Currency \* USD ▼  
-- Select --  
USD

Please select one or more forms of bid guarantee

Cash ☒

Letter of Credit ☒

Bond ☐

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# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions
  - **Form(s) of Bid Guarantee:** Select the form(s) of bid guarantee by checking the appropriate checkbox.
  - CA Entities must submit bid guarantees in USD in one or a combination of the following forms: Cash in the form of wire transfer; an irrevocable letter of credit (LOC), or a bond. All forms of bid guarantee must be in a form that may be accepted by the financial services administrator consistent with U.S. banking laws and bank practices.

Please select one or more forms of bid guarantee:

Cash ☒

Letter of Credit ☒

Bond ☐

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Note: Bid guarantee information may be pre-populated for applicants that were approved to participate in a previous event.

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions

**Bid Guarantee Return Instructions - Cash Bid Guarantee**

If cash is selected as a form of bid guarantee, instructions must be provided for return of funds via wire transfer. Cash bid guarantee return instructions require, at a minimum, the following fields: Beneficiary Bank Name, Beneficiary Bank Routing Number or SWIFT/Bank Identifier Code (BIC), Beneficiary Account Name, Beneficiary Bank Account Number (entered twice for confirmation), and the last four characters of the Beneficiary Bank Account Number. Once the application is submitted, only the last four characters will be displayed for confirmation.

**Beneficiary Bank Information**

Beneficiary Bank Name \*

Beneficiary Bank Routing Number (ABA Routing Number or Canadian Routing Number)  ?

Beneficiary Bank SWIFT/Bank Identifier Code (BIC)  ?

Beneficiary Account Name \*  ?

Beneficiary Account Number \*  ?

Re-enter Beneficiary Account Number \*  ?

Last four characters of the Beneficiary Account Number \*

Payment Detail

Beneficiary Bank City

Beneficiary Bank State/Province

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions

### Intermediary Bank Information

If return of funds to the entity requires an Intermediary Bank, then additional information specific to the Intermediary Bank is required, including Intermediary Bank Name and Intermediary Bank Routing Number or Intermediary Bank SWIFT/BIC.

Intermediary Bank Name

Intermediary Bank Routing  
Number (ABA Routing Number  
or Canadian Routing Number)

?

Intermediary Bank SWIFT/Bank  
Identifier Code (BIC)

?

### Financial Contact Information

Name

Company

Title

Telephone

Email

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Provide bid guarantee information including form(s) of bid guarantee, currency, and return instructions

### Bid Guarantee Return Instructions - Physical Bid Guarantee

If a physical form of bid guarantee is selected, instructions must be provided for the return of bid guarantee. To provide physical bid guarantee return instructions, all fields must be completed. The mailing address must not be a Post Office (PO) Box address. The return of a physical bid guarantee requires a signature for security and confirmation of receipt.

Name of a contact individual	*	<input type="text"/>
Physical Return Address (PO Box not allowed)	*	<input type="text"/>
Return City	*	<input type="text"/>
Return Postal Code	*	<input type="text"/>
Return State/Province	*	<input type="text" value="-- Select --"/>
Return Country	*	<input type="text" value="-- Select --"/>
Return Contact Phone Number	*	<input type="text"/>

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**Note:** As return delivery for physical bid guarantee instruments requires a signature to ensure security and confirmation of receipt, a Postal Office (P.O.) Box cannot be entered for the return address.

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Complete attestation
  - The final step of the auction application process in CITSS is to complete the Attestation response and submit the application.
  - Attestation responses are jurisdiction specific.

### Attestation

Section 95912(d)(4)(E) of the California Cap-and-Trade Regulation requires entities to submit an attestation disclosing the existence and status of any ongoing investigation or an investigation that has occurred within the last ten years with respect to any alleged violation of any rule, regulation, or law associated with any commodity, securities, environmental, or financial market for the entity participating in the auction, and all other entities with whom the entity has a corporate association, direct corporate association, or indirect corporate association pursuant to section 95833 that participate in a carbon, fuel, or electricity market. The attestation must be updated to reflect any change in the status of an investigation that has occurred since the most recent auction application attestation was submitted.

Selecting "Yes" to this Attestation Response indicates that the representative understands the requirements of section 95912(d)(4)(E) and attests that the entity will have submitted and/or updated the required attestation to ARB by the deadline to apply to participate in this auction. An Auction Application Attestation Disclosure Form is available on the ARB Auction Information webpage at <https://www.arb.ca.gov/auction>.

Selecting "No" to this Attestation Response indicates that the representative understands the requirements of section 95912(d)(4)(E) and attests that the entity has no updates to the disclosures since the most recent auction application attestation was submitted.

The Attestation requirement does not apply to reserve sales. Select "No" if submitting an application or confirmation of intent to bid to a reserve sale.

Attestation Response



-- Select -- ▼

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# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Complete attestation
  - **For CA entities:** The PAR or an AAR must complete the required response in CITSS to certify whether the entity has provided to CARB the Attestation required by section 95912(d)(4)(E).
    - A “No” answer indicates the entity has no updates to the disclosures since the most recent auction application attestation was submitted.
      - If an auction applicant has previously submitted a disclosure form, and has no further updates to its most recently submitted form, the auction applicant may select “No” in CITSS to satisfy the Attestation requirement.
    - A “Yes” answer indicates that the entity will submit or update the required disclosures to CARB by the deadline to apply for the auction.

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Complete attestation
  - If disclosures or updates to previously submitted information are required from a CA entity, the Auction Attestation Disclosure Form, available on the CARB Auction Information Webpage, may be used to submit the required information.
    - Any new disclosures or updates must be submitted prior to the close of the application period.
  - Representatives of CA entities should refer to the Detailed Auction Requirements and Instructions document, the California Regulation, and the CARB Auction Information webpage for further information regarding the Attestation requirements.



# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Confirm and submit auction application
  - To submit the auction application, enter your CITSS password and select the "Confirm" button.
  - By selecting the "Confirm" button, you agree to have the entity name, entity contact information, account numbers, representative names, representative phone numbers, bid guarantee information, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating participation in the selected auction.

**Confirm and Submit**

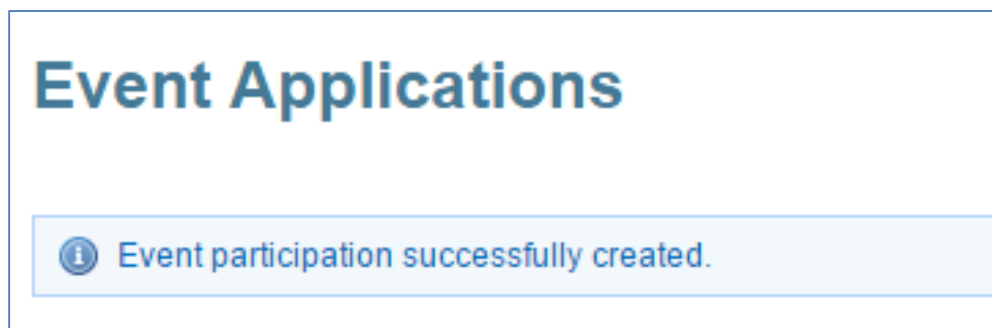
Selecting the "Confirm" button submits event application information for the selected event. By selecting the "Confirm" button, you agree to have the entity name, entity contact information, account numbers, representative names, representative phone numbers, bid guarantee information, and representative email addresses transferred to the Auction and Reserve Sale Administrator and Financial Services Administrator for the purpose of facilitating participation in the selected event.

Password ★

# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Confirm and submit the auction application
  - Once the PAR or an AAR has submitted the application, the Event Applications page will be displayed with a message stating: “Event participation successfully created.” This message indicates that the event application has been submitted.
    - Upon successful submission of an auction application, the PAR and all AARs will receive an email from CITSS with the subject line “CITSS Event Application Update.”
    - Successfully submitted auction applications will also appear in the Event Applications Page in CITSS with a status of “Applicant.”



# Auction Application Process

## Step 1: Complete and Submit an Auction Application (cont'd)

- Confirm and submit the auction application
  - An auction application must be submitted in CITSS no later than the deadline as provided in the Auction Notice.
  - The PAR or an AAR may make changes to previously submitted auction application information up until the submission deadline.
    - To view and edit a previously submitted auction application, select the “Applicant” status listed under the Application Status column.

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2017-08-15	CA990	Austin Corp.	<a href="#">Qualified Bidder</a>	2017-05-08 01:18:53 EDT
Reserve Sale	Upcoming Reserve Sale 1	2017-10-20	CA990	Austin Corp.	<a href="#">Applicant</a>	2017-05-08 01:50:21 EDT
						<a href="#">CSV</a> <a href="#">Excel</a> 2 records

# Auction Application Process

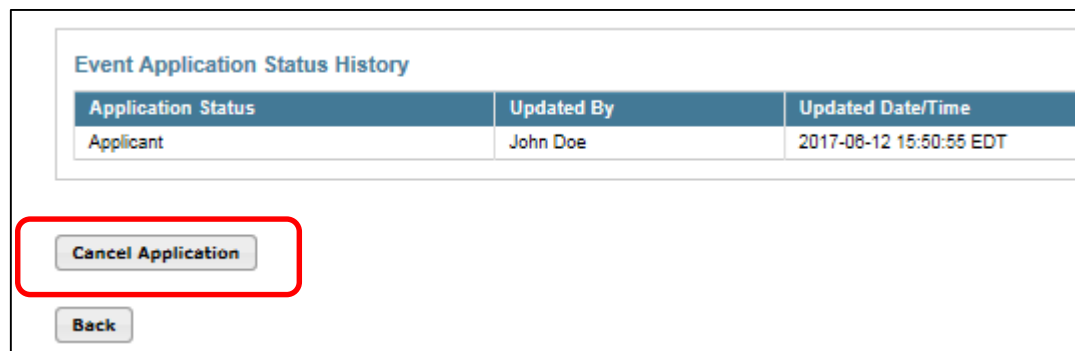
## Changes to Auction Application Information

- The Auction Application information includes information that may be updated. The requirements for updates to auction application information vary by Participating Jurisdiction. California requirements are provided below:
  - CITSS Representative and Entity Account Information
    - Registration Information Submitted in CITSS (i.e., Entity Name, Address, Incorporation information).
    - Registration Information not Submitted in CITSS: (i.e., Entity's Directors and Officers, Persons with Voting Rights, Corporate Associations, Consultants or Advisors, and Employees with Knowledge of Market Position).
    - Change requests in CITSS and all hardcopy documentation are required by close of application period.
  - Corporate Association Disclosures related to another entity registered in the California Cap-and-Trade Program or in other external GHG ETS to which California has linked, if the disclosing entity intends to participate in the auction
    - Change in CITSS and all hardcopy documentation by 10 days prior to close of application period.

# Auction Application Process

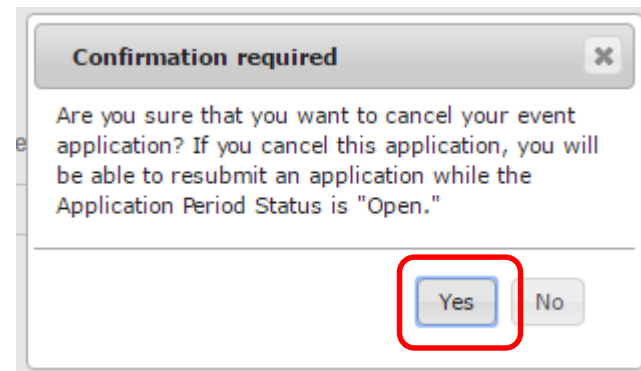
## Changes to Auction Application Information

- The PAR or an AAR may cancel an auction application if the applicant no longer intends to participate in the upcoming auction
  - To cancel an auction application, an applicant's CITSS account representative must select the "Cancel Application" button at the bottom of the submitted auction application in CITSS and select "Yes" on the pop-up message.
  - Auction applications may be cancelled any time before the application has been approved or rejected in CITSS.



The screenshot shows a web interface titled "Event Application Status History". It contains a table with three columns: "Application Status", "Updated By", and "Updated Date/Time". The table has one row with the values "Applicant", "John Doe", and "2017-08-12 15:50:55 EDT". Below the table, there are two buttons: "Cancel Application" and "Back". The "Cancel Application" button is highlighted with a red rectangle.

Application Status	Updated By	Updated Date/Time
Applicant	John Doe	2017-08-12 15:50:55 EDT



The screenshot shows a "Confirmation required" pop-up message. The message text is: "Are you sure that you want to cancel your event application? If you cancel this application, you will be able to resubmit an application while the Application Period Status is 'Open.'" At the bottom of the pop-up, there are two buttons: "Yes" and "No". The "Yes" button is highlighted with a red rectangle.

**Confirmation required**

Are you sure that you want to cancel your event application? If you cancel this application, you will be able to resubmit an application while the Application Period Status is "Open."

# Auction Application Process

## Step 2: Submit a Bid Guarantee

- After submitting an auction application, applicants must submit a bid guarantee by the deadline date and time provided in the Auction Notice.
- To submit a bid guarantee, an applicant must complete the following steps:
  - PAR and AAR(s) receive notice that a Financial Services Account has been established or verified.
  - The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS.
  - Submit a bid guarantee to the Financial Services Administrator.
- The Financial Services Administrator receives and maintains all bid guarantees submitted as financial assurance.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- PAR and AAR(s) receive notice that a Financial Services Account has been established or verified
  - Once an auction application has been submitted, the Financial Services Administrator will complete the process to establish (for first time applicants) or verify (for previous applicants) the applicant's Financial Services Account.
    - A Financial Services Account is established and maintained by the Financial Services Administrator for the purpose of facilitating the bid guarantee and financial settlement processes.
  - To establish the applicant's Financial Services Account, additional information may be requested by the Financial Services Administrator.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - Once the applicant's Financial Services Account has been established or verified:
    - An applicant's PAR and all AARs will receive an email from CITSS with the subject line "CITSS Event Financial Services Information Update."
    - An applicant's CITSS account representative can log in to CITSS to download the Financial Services Delivery Instructions upon receiving this email.



# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - The **Financial Services Delivery Instructions** include all the information needed to submit a cash bid guarantee or physical bid guarantee instrument, including the:
    - Financial Services Account Name,
    - Financial Services Account Number,
    - Wiring instructions for submitting cash by wire transfer,
    - Mailing instructions for physical bid guarantee instruments.
  - Additional details on submitting a bid guarantee are provided in the Detailed Auction Requirements and Instructions document.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
- To download the Financial Services Delivery Instructions from CITSS, navigate to the “Event Applications” page from the “Representative Reports” page.

[Log Out](#)  
[Home](#)  
[Contact Us](#)  
[My User Profile](#)  
  
[Account Registration](#)  
[Representative Reports](#)  
  
[Glossary](#)

### Representative Reports

This page allows a user to view or download Representative Reports. Representative Reports provide information to support user management of CITSS accounts. Most Representative Reports are configurable, allowing users to select criteria for custom reports. The Transfer History lists compliance instrument transfers. The Transfer Event Audit Report lists more detailed information about each transfer. The Entity Account Balance Report lists account balances. The Entity Monthly Statement provides a statement of account balances and transfers. The Emissions Report presents facility emissions. The True-Up Quantity Report lists the true-up quantity assigned by year. The Compliance Obligations Report allows access to detailed information and status for current or past compliance obligations. The Compliance Obligation (Data Export) Report presents approved compliance obligations. The Eligible Instruments for Retirement Report provides a list of compliance instruments that can be used during a selected obligation period. The Notifications Report provides information about current or past notifications. To prepare a Representative Report, select the “Continue” button in the Action column on the right. CITSS will open a report screen to select criteria for the selected report.

#### Transfer and Balance Reports

Report Name	Action
Transfer History	<a href="#">Continue</a>
Transfer Event Audit Report	<a href="#">Continue</a>
Entity Account Balance Report	<a href="#">Continue</a>
Entity Monthly Statement	<a href="#">Continue</a>

#### Event Reports

Report Name	Action
Event Applications	<a href="#">Continue</a>

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
- On the “Event Applications” page under the “Current” tab, navigate to the auction application details by clicking on the Application Status.

Current **Past**

Event Type: Auction Reserve Sale

Event Name:

Event Date From:

Event Date To:

CITSS Entity ID:

Entity Legal Name:

Application Status: Applicant Qualified Applicant Qualified Bidder

Results per page: 10

**Search** **Clear**

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2017-08-15	CA990	Austin Corp.	<a href="#">Qualified Bidder</a>	2017-05-08 01:18:53 EDT
Reserve Sale	Upcoming Reserve Sale 1	2017-10-20	CA990	Austin Corp.	<a href="#">Applicant</a>	2017-05-08 01:50:21 EDT

[CSV](#) [Excel](#) 2 records

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
  - Select the “Generate Financial Services Instructions” button on the “Event Application Detail” page.

### Event Application Detail

Edit Application

This page allows a representative to view the Financial Services Instructions by selecting the “Generate Financial Services Instructions” button.

This page also allows a representative to view and edit the application details submitted for an event. A representative can edit submitted application information during the application period by selecting the “Edit Application” button; cancel an application before the application is approved or rejected by selecting the “Cancel Application” button at the bottom of the page; or resubmit a cancelled application by selecting the “Resubmit Application” button which will appear at the bottom of the page during the application period if an application has been cancelled.

After an application period has closed, an “Edit Bid Guarantee Return” option becomes available at the top of the page. A representative can edit bid guarantee return instructions between the close of the application period and completion of the event by selecting the “Edit Bid Guarantee Return” button.

Generate Financial Services Instructions

#### Event Application Information

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- The PAR or an AAR downloads the Financial Services Delivery Instructions from CITSS
- Financial Services Delivery Instructions Page Example:

### Auction and Reserve Sale Financial Services Delivery Instructions

The Financial Services Delivery Instructions provide information needed to submit a bid guarantee and submit payment for allowances awarded following an event. The instructions include wiring instructions for submitting cash by wire transfer and instructions for submitting a physical bid guarantee. The entity's Financial Services Account Number will be populated in both the Financial Services Account Number field and the Port field once the Financial Services Administrator has established or verified the entity's account.

#### Bid Guarantee

Financial Services Account Name      Company-B

Financial Services Account  
Number

Total Bid Guarantee

Currency      USD

#### Instructions for Wiring USD

Bank Name      Deutsche Bank Trust Company Americas

Routing Number      021001033 - New York NY

SWIFT/Bank Identifier Code (for  
financial institutions outside US)      BKTRUS33

City      New York

State/Province      New York

DDA Number      01419647

Beneficiary      Trust And Agency Services

Payment Details      WCI Auction

Port

**Note:** The Financial Services Account Number and Port fields are 'blank' in this example. These fields will be blank until the applicant's financial services account number is uploaded in to CITSS.

#### Mailing Instructions for Physical Bid Guarantee

Payable to      Deutsche Bank National Trust Company

#### Mailing Address

Name      Auction and Reserve Sale Financial Services Administrator

C/O      C/O Deutsche Bank Trust Company Americas

Address 1      60 Wall Street, 16th Floor

Address 2      Mail Stop: NYC60-1630

City      New York

State/Province      New York

Postal Code      10005-2836

#### Directions

Please include your CITSS Entity Legal Name or Individual Name if a General Market Participant, Individual, and Financial Services Account Number when mailing the bid guarantee forms. For questions on bid guarantee submittal or the financial settlement process, please contact Deutsche Bank National Trust Company at [db.wcisupport@db.com](mailto:db.wcisupport@db.com). For additional contact information, please see the Auction Notice.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- Submit a bid guarantee to the Financial Services Administrator
  - To submit a bid guarantee, an amount must be determined.
    - The amount of the bid guarantee provided to the Financial Services Administrator will be used to set bidding limitations in the auction.
    - The amount of the bid guarantee must be greater than or equal to the maximum value of the bids to be submitted.
      - Bids submitted by a qualified bidder will be evaluated against the amount of bid guarantee submitted. Qualified bidders will not be awarded allowances with a total value that exceeds the bid guarantee submitted by the entity.
    - A single bid guarantee is submitted to cover bids in both the Current and Advance Auction.
  - For qualified bidders bidding in CAD, the value of the bid guarantee and the bids submitted during the auction will be evaluated in USD based on the Auction Exchange Rate.
  - Examples of how to determine a bid guarantee amount are provided in the Auction Examples document.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

### Submitting Cash Bid Guarantee

- Cash wire transfers must be received by the Financial Services Administrator no later than the deadline date and time for receipt of bid guarantees as listed in the Auction Notice.
- Instructions on how to submit a cash bid guarantee through wire transfer are provided in the applicant's Financial Services Delivery Instructions.
  - Wire transfer instructions are specific to the location of the originating bank, whether international or located in the U.S., and the currency in which the applicant is participating.
- Additional details are provided in the Detailed Auction Requirements and Instructions document.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

### Submitting Physical Bid Guarantee Instruments

- Physical bid guarantee instruments must be received by the Financial Services Administrator in final form no later than the deadline date and time for receipt of bid guarantees as listed in the Auction Notice.
- Required terms of physical bid guarantee instruments are provided in the Detailed Auction Requirements and Instructions document.
- CA applicants may submit the following forms of physical bid guarantee instruments:
  - An irrevocable letter of credit (LOC)
  - A bond

All forms of bid guarantee must be in a form that may be accepted by the financial services administrator consistent with U.S. banking laws and bank practices.



# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

### Submitting Physical Bid Guarantee Instruments (cont'd)

- Required terms are provided in the Detailed Auction Requirements and Instructions document.
- If submitting a physical bid guarantee instrument, applicants are encouraged to submit a sample physical bid guarantee to the Financial Services Administrator for review.
- Applicants are encouraged to submit bid guarantees in advance of the deadline to allow time for review and revision of bid guarantees if necessary.
- Complete and proper addressing is critical to ensure receipt of all physical bid guarantee instruments by the deadline date and time.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

### Bid Guarantee Revisions

- The Financial Services Administrator will evaluate the bid guarantee submitted and identify any amendments that are necessary to meet the requirements.
- If a submitted bid guarantee needs to be revised:
  - The applicant would be notified by the Financial Services Administrator.
  - The applicant would contact the institution issuing the document and request an amendment to their bid guarantee document.
  - All amendments **MUST** be completed and received by the Financial Services Administrator by the bid guarantee submittal deadline.
- If an applicant finds they need to revise a submitted bid guarantee, they should contact the Financial Services Administrator.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- In summary, bid guarantees must be received by the Financial Services Administrator in final form by the bid guarantee submittal deadline date and time as listed in the Auction Notice.
- An applicant is responsible to ensure proper addressing of a physical bid guarantee and complete wiring instructions for a cash wire transfer.
- Emailed, scanned, and PDF versions of a physical bid guarantee or a bid guarantee amendment will not be accepted.
- Applicants should confirm receipt of bid guarantees in CITSS or with the Financial Services Administrator.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- Once an applicant's bid guarantee is received, reviewed, and accepted by the Financial Services Administrator:
  - The PAR and AARs will receive an email from CITSS with the subject line "CITSS Event Financial Services Information Update."
  - Log in to CITSS to confirm the current auction application status.
  - The application status will change from "Applicant" to "Qualified Applicant."
  - The Bidding Limitation Data section of the Event Application Detail page in CITSS will display the Total Bid Guarantee amount recorded by the Financial Services Administrator.
- If a final bid guarantee is not received by the Financial Services Administrator by the deadline, the auction application **will not** be approved.

# Auction Application Process

## Step 2: Submit a Bid Guarantee (cont'd)

- “Qualified Applicant” Application Status in CITSS

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2018-01-05	CA2211	Company+B	<u>Qualified Applicant</u>	2018-01-03 19:01:57 EST

- Bidding Limitation Data with Bid Guarantee Amount on Event Application Detail Page

### Bidding Limitation Data

Cash Bid Guarantee Value \$10,000,000.00

Physical Bid Guarantee Value

Total Bid Guarantee \$10,000,000.00

# Auction Application Process

## Step 3: Receive Notice of Approval to Participate in the Auction

- CARB and MELCC will approve or reject applications for auction participation on the date shown in the Auction Notice.
- The PAR and all AARs for each qualified applicant will receive an email from CITSS indicating that there is a change to the application status.
  - Email subject: "CITSS Event Application Update"
- Log in to CITSS to check the application status.
  - Approved applicants will have the status "Qualified Bidder."
  - Rejected applicants will have the status "Rejected."

Event Type	Event Name	Event Date	CITSS Entity ID	Entity Legal Name	Application Status	Updated Date/Time
Auction	Upcoming Auction 1	2018-01-05	CA2211	Company+B	<u>Qualified Bidder</u>	2018-01-03 19:14:26 EST

# Auction Participant Training Agenda

## ❖ Section III: Auction Participation & Bidding

- Access to the Auction Platform
- Bidding in the Auction
  - Manual Bid Entry: Single Bid
  - Bid Schedule Upload: Multiple Bids
  - Editing or Deleting Bids
  - Confirming Bids Uploaded: Client Bids Audit Report
- Bidding Limitations
  - Bid Guarantee
  - Purchase Limits
  - Holding Limits
  - Holding Limits: Limited Exemptions
  - Management of Purchase Limits and Holding Limits

## Access to the Auction Platform

- The Auction Platform allows qualified bidder account representatives (PAR and AARs) to download required templates, submit bids, review results, and download reports for an auction.
- The PAR and AARs authorized to act on a qualified bidder's behalf must have an active Auction Platform account.
  - If an account representative previously activated an Auction Platform account, the previously established username and password can be used for account access.
  - Active PARs and AARs of entities in CITSS that have been qualified bidders to a past auction or that have submitted an application to an upcoming auction or reserve sale are eligible to maintain or establish Auction Platform accounts.
- CITSS account information is transferred on a daily basis from CITSS to the Auction Administrator.



# Access to the Auction Platform

- Users that become a PAR or AAR of an entity in CITSS that has been a Qualified Bidder to a past auction or that has submitted an application to an upcoming auction or reserve sale will be invited to establish an Auction Platform account.
  - An email will be sent within 24 hours to the PAR or AAR being approved by the Jurisdiction Registrar in CITSS.
  - The email will contain an activation link inviting the user to establish account credentials (password and security questions) for an Auction Platform account.
  - The activation email will be sent to the account representative's current email address listed in CITSS.
  - The current email address in CITSS will be the account representative's username in the Auction Platform.
  - The activation link can only be used once, and will expire after 24 hours.
  - If the link expires, a new activation link can be requested by emailing the Auction Administrator at [auctionsupport@ihsmarkit.com](mailto:auctionsupport@ihsmarkit.com).

# Access to the Auction Platform

- The Auction Platform provides multiple security features to protect user accounts:

- Password and security questions
- Password expiration every 90 days
- CAPTCHA feature to protect against automated access attempts
- Session code to identify devices used by the account holder

Qualified bidder representatives are advised to log in to the Auction Platform prior to the day of the auction to ensure they are able to access their account.

### Verify CAPTCHA

Type in the word seen on the picture

RefreshSubmit

### Please Enter the Session Code

**Please enter the Session Code that you have received via email. Please note that the Session Code will expire after 3 minutes. If the code is not used within 3 minutes, a new Session Code will need to be generated.**

Enter Session Code:

Verify

Generate Session Code

# Access to the Auction Platform

- Consistent with CITSS, the Auction Platform allows an individual to represent multiple entities as a PAR or AAR.
- Upon logging in to the Auction Platform, if a user represents multiple entities that are an applicant or have been qualified bidders in past events, the “Select an Account” pop up will display.
- Select a Participant Account in the pop up to indicate the entity to represent.
- To represent a different entity, log out of the Auction Platform and then log in again and select the desired Participant Account.

### Select An Account

**Please select an account.**

You are a Primary or Alternate Account Representative for multiple entities.

Select the participant account you are representing during this session in the Auction and Reserve Sale Platform by clicking on the checkbox and clicking OK.

To change the Participant Account that you are representing, you must log out of the Auction and Reserve Sale Platform and log in again to select a different Participant Account.

If you need further assistance in selecting the correct Participant Account, please contact Markit Support at [auctionsupport@markit.com](mailto:auctionsupport@markit.com).

### Select Participant Account

☒ California Company 3  
CA2212-2571

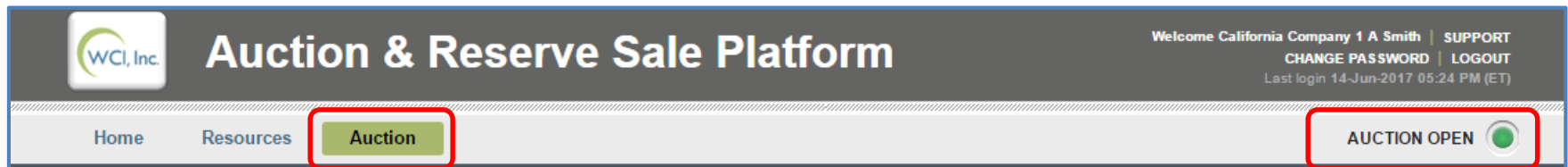
☐ California Company 2  
CA2211-2569

☐ California Company 1  
CA2210-2567

CancelOK


# Bidding in the Auction

- The bidding window can be accessed by clicking on the Auction Tab on the top banner of the Auction Platform.
- Qualified bidders to an Auction will be able to see whether the auction bidding window is open or closed on the right hand side of the top banner of the Auction Platform.
  - A green light signifies that the auction bidding window is open.
  - A red light signifies that the auction bidding window is closed.
- While the auction bidding window is open, qualified bidders may submit bids for the Current Auction and the Advance Auction.




# Bidding in the Auction

## Auction Bidding Page


**Auction & Reserve Sale Platform**

Welcome California Company 1 A Jones | SUPPORT  
 CHANGE PASSWORD | LOGOUT  
 Last login: 16-Jun-2017 01:26 PM (ET)

Home Resources **Auction** AUCTION OPEN 

**Joint Auction/Enchère liée #3**

**Bid Guarantee Amount**  
 USD \$10,000,000

Current Auction Bidding Limitations				Advance Auction Bidding Limitations			
Holding Limit	Purchase Limit			Holding Limit	Purchase Limit		
5,498,900	10,000,000			10,000,000	1,000,000		

Current				Advance Auction-2021			
Reserve Price	Total Allowances Available	Total Allowances Bid	Total Bids	Reserve Price	Total Allowances Available	Total Allowances Bid	Total Bids
USD \$14.53	40,000,000	70,000	2	USD \$14.53	4,000,000	105,000	1
CAD \$15.98				CAD \$15.98			

Bidding Closes in  
**02:32:55**

3 Hours 2 Hours 1 Hour

PT 10:27:05  
 ET 01:27:05

Select All Transaction ID... Clear Search Delete Add Bid Upload Bids

Bid Count	User	Time (ET)	Client Bid ID	Transaction ID	Currency	Bid Price	Bid Lots	Vintage	Total Allowances		
4		01:27:01 pm			USD					Cancel	Submit
3	A Jones	01:26:59 PM	F0925	89294	USD	15.00	20	Current	20000	Edit	Ⓢ
2	A Smith	01:21:42 PM	60925	89292	USD	14.57	105	2021	105000	Edit	Ⓢ
1	A Smith	01:20:52 PM	50925	89384	USD	14.55	50	Current	50000	Edit	Ⓢ

Number Of Records / Page 10 < < > > Page 1 / 1

**QUICK TIPS**  
**Adding Bids**  
 To add a single bid, select the Add Bid button and a new row will be created for your bid. In the new row, enter the bid data, select the Submit button to submit the bid and the Confirm button to confirm the submitted bid is accurate.  
 To add multiple bids via spreadsheet, select the Upload Bids button to begin the simple three step process of selecting the Excel file to upload, processing the spreadsheet, and submitting your bids.  
[Download Excel Template](#)

# Bidding in the Auction

- Qualified bidders may submit bids manually or upload a bid schedule using the Bid Upload Template provided through the Auction Platform.
- For each bid the following information must be entered:
  - **Bid Price:** the price at which the qualified bidder wishes to purchase each emission allowance in dollars and whole cents.
  - Number of **Bid Lots:** 1 bid lot = 1,000 emission allowances
  - **Instrument Vintage:** Current or 2022
  - Currency
    - **CA qualified bidders:** bids must be entered in USD.
    - **QC qualified bidders:** bids must be entered in the same currency as selected during the auction application process (USD or CAD).

# Bidding in the Auction

## Manual Bid Entry: Single Bid

- To manually submit a single bid, select the “Add Bid” button.
- Once the Add Bid button is selected, a bid record row will appear providing fields to enter a Bid Price, Bid Lots, and Vintage. Once filled in, select the “Submit” button.

- Review the bid and select the “Confirm” button to submit the bid.

- Submitted bids can be manually edited or deleted during the 3-hour bidding window. After the bidding window closes, no further changes to bids are permissible.

# Bidding in the Auction

## Bid Schedule Upload: Multiple Bids


- Bids may also be submitted in batches by uploading a bid schedule.
- A **Bid Schedule** is a pre-formatted Excel spreadsheet called the “Auction Bid Upload Template” that the qualified bidder needs to fill out with a list of their bids prior to uploading the Template.
  - The “Auction Bid Upload Template” is available for download in the Reports Module – Templates section of the Auction Platform.
  - For each auction, a unique pre-formatted spreadsheet is available in the Auction Platform.
  - Up to 1,000 unique bids may be included in a single bid schedule.



# Bidding in the Auction

## Bid Schedule Upload: Multiple Bids (cont'd)

### Auction Bid Upload Template

	A	B	C	D	E
1		Auction and Reserve Sale Platform			
2		Auction Bid Upload Template			
3					
4	<b>Currency :</b>	Select the currency in which you would like to bid from the drop down.			
5	<b>Bid Price :</b>	Enter the price in dollars and whole cents.			
6	<b>Bid Lots :</b>	Enter the number of lots. Each lot is 1,000 allowances.			
7	<b>Bid Allowances :</b>	Total Bid Allowances is calculated as Bid Lots multiplied by 1,000.			
8	<b>Instrument Vintage :</b>	Select the allowance vintage from the drop down.			
9					
10	<u><b>Currency Options</b></u>				
11	USD				
12					
13					
14	<u><b>Instrument Vintages Offered</b></u>				
15	Current	The allowances offered in the Current Auction may include allowances of vintages prior to the current year. When submitting bids for the Current Auction, all bids are placed as "Current" vintage.			
16	2021				
17					
18	<b>Currency</b>	<b>Bid Price</b>	<b>Bid Lots</b>	<b>Bid Allowances</b>	<b>Instrument Vintage</b>
19					
20					
21					

# Bidding in the Auction

## Bid Schedule Upload: Multiple Bids (cont'd)

- The Upload Bids function is completed in 3 steps:
  - Step 1:** Select Document – Browse and select the “Auction Bid Upload Template” completed with the qualified bidder’s list of bids.
  - Step 2:** Process Spreadsheet – Upload Bids from the spreadsheet for submittal  
Note: This step is automatically completed by the Auction Platform.
  - Step 3:** Confirm and Submit Bids – Confirm the spreadsheet and Submit the bids uploaded from the selected spreadsheet.

### Step 1: Browse & Select

(Step 2: Process – completes automatically)

### Step 3a: Confirm

### Step 3b: Submit

The image displays a sequence of three screenshots from the 'Upload Bids' interface, illustrating the steps from document selection to final submission.

**Step 1: Browse & Select**  
The first screenshot shows the 'Upload Bids' window with three steps: 1. SELECT DOCUMENT, 2. PROCESS SPREAD SHEET, and 3. SUBMIT BIDS. Step 1 is active, showing a 'Select Document' field and a 'Browse...' button highlighted with a red box. A note indicates that the file must be in Excel .xlsx or .xls format.

**Step 3a: Confirm**  
The second screenshot shows the 'SUBMIT BIDS' step. A 'File Confirmation' dialog box is displayed, asking the user to confirm the upload of the 'Bid Upload Template - Auction 06-01-2017\_CompanyB 1.xlsx' file. The 'Confirm' button is highlighted with a red box.

**Step 3b: Submit**  
The third screenshot shows the 'SUBMIT BIDS' step. A message states 'Bids successfully uploaded for submittal' and provides instructions for the next actions. The 'Submit' button is highlighted with a red box.

# Bidding in the Auction

## Bid Schedule Upload: Multiple Bids (cont'd)

- The Auction Platform will confirm a successful or failed bid schedule upload.
- Multiple Bid Schedules may be uploaded during the 3-hour bidding window, but each schedule must be uploaded one at a time.
- After each bid upload process, qualified bidders are encouraged to confirm bid upload accuracy on screen or by downloading a Client Bids Audit Report.

**Upload Bids**

1 SELECT DOCUMENT      2 PROCESS SPREAD SHEET      3 SUBMIT BIDS

**Select Document**

**Browse**

[Download Excel Template](#)

Note: To select a spreadsheet, select Browse. File uploaded must be in Excel .xlsx or .xls format.

**Completed**

**Bid Upload Failed**

Bid Upload failed due to one or more of the following rules being violated:

- The bid currency does not match the Bid Guarantee currency.
- Currency must be in USD or CAD (uppercase).


Please take one of the following actions:

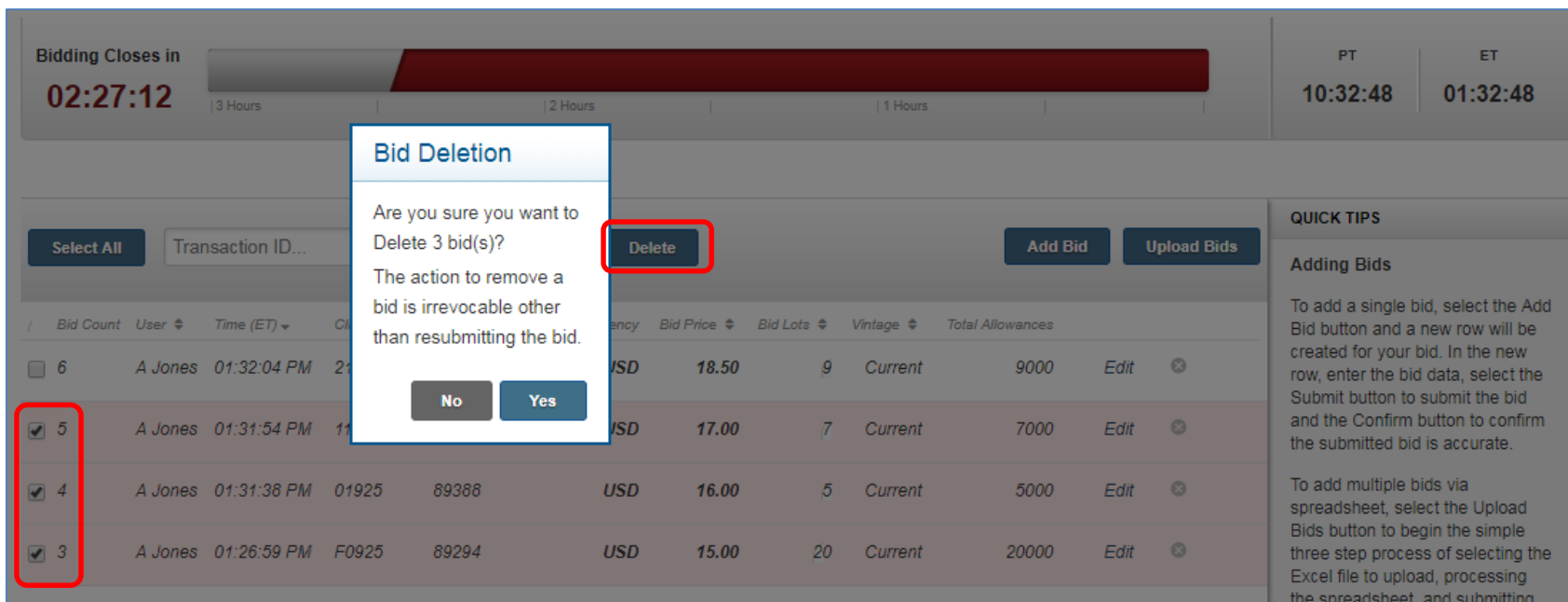
- Click "Cancel" to close the Upload Bids dialog box.
- **OR** re-upload a different file by clicking on "Browse" (step 1).

**Cancel** **Confirm**

# Bidding in the Auction

## Editing or Deleting Bids

- During the bidding window a bid may be edited or deleted.
  - To edit, select “Edit” and make required changes. Changes are confirmed by selecting “Submit,” similar to the process of initial entry of the bid.
  - To delete, select the  and then select “Yes” to confirm the bid deletion.
  - Multiple bids can be deleted in one action by selecting the bids and selecting the “Delete” button.



The screenshot displays the WCI Inc. bidding interface. At the top, a progress bar indicates the bidding window is closing in 02:27:12. Below this, a table lists active bids. A modal dialog titled 'Bid Deletion' is open, asking for confirmation to delete 3 selected bids. The 'Delete' button in the dialog is highlighted with a red box. In the background table, the checkboxes for the first three rows (bids 5, 4, and 3) are also highlighted with a red box. The table columns include Bid Count, User, Time (ET), Agency, Bid Price, Bid Lots, Vintage, and Total Allowances.

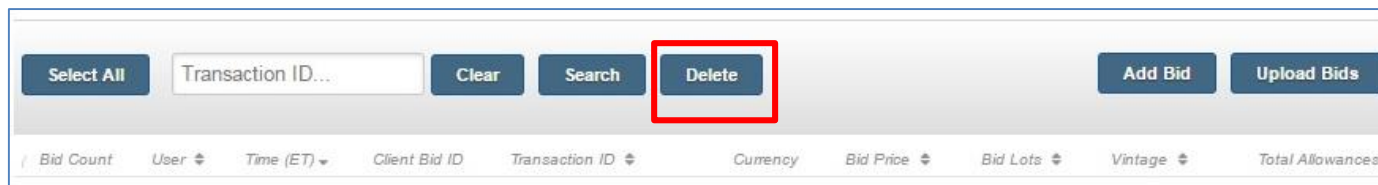
Bid Count	User	Time (ET)	Agency	Bid Price	Bid Lots	Vintage	Total Allowances
6	A Jones	01:32:04 PM	USD	18.50	9	Current	9000
5	A Jones	01:31:54 PM	USD	17.00	7	Current	7000
4	A Jones	01:31:38 PM	USD	16.00	5	Current	5000
3	A Jones	01:26:59 PM	USD	15.00	20	Current	20000

**QUICK TIPS**  
**Adding Bids**  
 To add a single bid, select the Add Bid button and a new row will be created for your bid. In the new row, enter the bid data, select the Submit button to submit the bid and the Confirm button to confirm the submitted bid is accurate.  
 To add multiple bids via spreadsheet, select the Upload Bids button to begin the simple three step process of selecting the Excel file to upload, processing the spreadsheet, and submitting

# Bidding in the Auction

## Editing or Deleting Bids (cont'd)

- An entire transaction can be deleted by using the Transaction ID search box to filter the displayed bids.
  - Enter a Transaction ID in the search box.
  - Select the “Search” button.
  - Select the “Select All” button to select the displayed bids.
  - Select the “Delete” button to delete all selected bids.



The screenshot shows a horizontal toolbar with several buttons: "Select All", a text input field labeled "Transaction ID...", "Clear", "Search", and "Delete". The "Delete" button is highlighted with a red rectangular box. To the right of these buttons are "Add Bid" and "Upload Bids" buttons. Below the toolbar is a table header with columns: "Bid Count", "User", "Time (ET)", "Client Bid ID", "Transaction ID", "Currency", "Bid Price", "Bid Lots", "Vintage", and "Total Allowances".

- If the transaction includes more bids than are displayed on the page, use the pagination options at the bottom of the Auction Page to display more bids.



The screenshot shows the pagination controls at the bottom of the page. It includes a label "Number Of Records / Page" followed by a dropdown menu set to "10". To the right are navigation buttons: "«", "<", ">", and "»". Further right is the text "Page" followed by a dropdown menu and "/ 1".

# Bidding in the Auction

## Confirming Bid Transactions: Client Bids Audit Report

- Entities can access the Client Bids Audit Report from the Auction Platform's Reports Module to confirm bid transactions: submitted, edited, and deleted.

The screenshot displays the 'Auction & Reserve Sale Platform' interface. The top navigation bar includes the WCI, Inc. logo, the platform name, and user information for 'California Company 1 A Smith'. The main content area features a welcome message and a countdown timer for the next quarterly auction on February 21, 2018. A table provides auction reserve prices in USD and CAD, along with the USD to CAD FX rate. On the right, the 'REPORTS' section is visible, with the 'Auction' document type selected and highlighted by a red box. Below this, a dropdown menu shows 'Joint Auction/Enchère liée #2' and 'Joint Auction/Enchère liée #1'. A blue button labeled 'Client Bids Audit' is positioned above the dropdown menu.

**Auction & Reserve Sale Platform**

Welcome California Company 1 A Smith | SUPPORT  
CHANGE PASSWORD | LOGOUT  
Last login 16-Jun-2017 11:59 AM (ET)

Home Resources Auction NO AUCTION OPEN

Welcome to the GHG Allowance Auction & Reserve Sale Platform

The next Quarterly Auction will be held on 21 February 2018

43:22:13  
DAYS HOURS MINS

Annual Auction Reserve Price	USD 14.53	CAD 14.68	
Auction Reserve Price	USD 14.53	CAD 15.98	1.1000 USD to CAD FX Rate
Auction Reserve Price Determination Explanation			

Client Bids Audit

**REPORTS**

Document Type  
Auction Template

Report or Document  
Select

Joint Auction/Enchère liée #2  
Joint Auction/Enchère liée #1

# Bidding in the Auction

## Confirming Bid Transactions: Client Bids Audit Report (cont'd)

- This example Client Bids Audit Report is based on a bid upload of three bids and subsequent edit of one of the bids.

	A	B	C	D	E	F	G	H	I	J	K
1	Report Date:	06/01/2017									
2	Event Name:	CA-QC Joint Auction 5									
3	Event Date:	06/01/2017									
4	Entity Legal Name:	Business+B									
5	Entity Operating Name:	Business+B									
6	Total Bids Submitted:	3									
7											
8	<b>Client Bid Id</b>	<b>Transaction ID</b>	<b>Update Type</b>	<b>Update By</b>	<b>Update Time (ET)</b>	<b>Bid Submission Time (ET)</b>	<b>Currency</b>	<b>Bid Price USD</b>	<b>Bid Lots</b>	<b>Total Allowances Bid</b>	<b>Instrument Vintage</b>
9	A6D05	86818	Created	bdavis@wci-inc.org	15:29:30 ET	15:29:30 ET	USD	13.58	5	5000	Current
10	B6D05	86818	Created	bdavis@wci-inc.org	15:29:30 ET	15:29:30 ET	USD	13.57	5	5000	2020
11	B6D05	86860	Updated	bdavis@wci-inc.org	15:30:42 ET	15:29:30 ET	USD	13.58	5	5000	2020
12	C6D05	86818	Created	bdavis@wci-inc.org	15:29:30 ET	15:29:30 ET	USD	13.57	5	5000	Current

# Bidding Limitations

- The Auction Reserve Price effective during the joint auction is determined the business day prior to the auction.
  - Bids submitted with a bid price below the Auction Reserve Price will not be accepted.
- Auction bids are rejected in bundles of 1,000 allowances, if bids:
  - Exceed the qualified bidder's purchase limit,
  - Exceed the qualified bidder's holding limit,
  - Exceed the value of the bid guarantee at the settlement price.
    - A qualified bidder's bid guarantee limitation is assessed at all potential settlement prices.
- Rejected bid quantities are not considered in determining the settlement price for an auction.
- Examples of how bidding limits are applied are provided in the Auction Examples document.



# Bidding Limitations

## Bid Guarantee

- The bid guarantee submitted must be greater than or equal to the maximum bid value of the bids submitted.
  - For qualified bidder's bidding in CAD, the bid guarantee and the maximum bid value of bids submitted are evaluated in USD based on the Auction Exchange Rate.
- The bid value of a set of bids at a specific bid price equals the quantity of bid allowances submitted at or above the bid price multiplied by that price.
  - The bid value of the set of bids is calculated at each bid price at which the qualified bidder submits a bid.
  - The maximum bid value of a set of bids is the bid value at the bid price in the set of bids where the bid value is greatest.
- Examples of how the bid guarantee limitation is applied are provided in the Auction Examples document.

# Bidding Limitations

## Bid Guarantee (cont'd)

- Submitted bids that contain bid quantities with a value in excess of the bid guarantee at the settlement price will be rejected, in bundles of 1,000 allowances, until the limit is met.
  - Only that portion of the bid quantity that exceeds the limit will be rejected, not the entire bid quantity.
- Qualified bidders submit a single bid guarantee for both the Current Auction and Advance Auction.
  - Once the Current Auction settlement price has been determined, the total cost for allowances awarded in the Current Auction will be determined and deducted from the bid guarantee amount, and any bid guarantee amount remaining will be applied to the Advance Auction.

# Bidding Limitations

## Purchase Limits

- The **Purchase Limit** is the maximum number of allowances a qualified bidder is permitted to buy at an auction based on the entity type and number of allowances offered in the auction.
- Purchase limits are calculated separately for the Current Auction and the Advance Auction according to the qualified bidder entity type, or the purchase limit applied to a Corporate Association Group, if applicable.
- Complete information on determination of a purchase limit is provided in the Detailed Auction Requirements and Instructions document.

# Bidding Limitations

## Holding Limits

- The **holding limit** is the maximum number of GHG allowances that may be held by an entity or jointly held by a group of entities with a direct corporate association.
  - The holding limit does not apply to allowances held in the Limited Use Holding Account.
- The Current year holding limit applies to allowances of current and earlier vintages. Each future vintage has a separate holding limit.
  - The 2019 Holding Limit is 11,953,750 allowances.
  - The 2022 Holding Limit is 10,913,000 allowances.
- Qualified bidders that are members of a Corporate Association Group must share holding limits.<sup>1</sup>
- The holding limit bid limitation is managed by determining how many allowances a qualified bidder may acquire before exceeding its current year holding limit and applicable future year holding limit (2022 for auctions held in 2019).

<sup>1</sup>See sections 95830(c)(1)(I) and 95833(d)(1)(E) of the California Cap-and-Trade Regulation.

# Bidding Limitations

## Holding Limit with Limited Exemption

- Covered entities may exempt a limited number of current or prior vintage allowances from the current vintage holding limit calculation by transferring them into their Compliance Account.
- The limited exemption is increased each year by the amount of emissions contained in the entity's verified emissions report and is decreased at the end of the year following the close of a compliance period, after the entity has completed its surrender obligation for the compliance period.
- Entities can hold more allowances in their Compliance Account than allowed under the limited exemption, but any current or prior vintage allowances in excess of the limited exemption will count towards the entity's current vintage holding limit.
- Examples of how the limited exemption is applied are provided in the Auction Examples document.

# Bidding Limitations

## Management of Purchase Limits and Holding Limits

- The number representing the total number of allowances that may be successfully bid without exceeding the purchase limit and holding limit for the Current Auction and Advance Auction for each auction qualified bidder are transferred from CITSS to the Auction Administrator.
  - Data is transferred to the Auction Administrator the day prior to an auction based on balances in CITSS accounts at approximately 9:00 AM PT / 12:00 PM (Noon) ET the day prior to the auction.
  - This information is used solely for the purpose of administration of the holding limit and purchase limit bid limitations in the auction and will reflect the account balances in CITSS the day before the auction.
  - CITSS account holders are responsible to ensure that there will be no holding limit violation once allowances are transferred into CITSS accounts after financial settlement is complete.

# Bidding Limitations

## Management of Purchase Limits and Holding Limits (cont'd)

- In CITSS, the Event Application Detail page displays the purchase limit and holding limit bidding limitations assigned to the entity for the specific auction.

Bidding Limitation Data	
Cash Bid Guarantee Value	\$10,000,000.00
Physical Bid Guarantee Value	
Total Bid Guarantee	\$10,000,000.00
Holding Limit Current Vintage Allowances	2782750
Holding Limit Future Vintage Allowances	2557500
Purchase Limit Current Auction	37500
Purchase Limit Future Auction	62500

- The purchase limit and holding limit bidding limitations are also displayed on the Auction Page in the Auction Platform.

# Auction Participant Training Agenda

## ❖ Section IV: Auction Results & Financial Settlement

- Settlement Price & Bid Fulfillment Determination
  - Tiebreaker process
- Auction Conduct
- Market Monitoring
- Auction Results and Certification
  - Joint Auction Summary Results Report
  - Availability of Qualified Bidder Results
  - Financial Statement and Client Bids Report
- Financial Settlement
  - Payment Requirements
  - Bid Guarantee Return
- Closing Activities
  - Post Auction Public Proceeds Report
  - Transfer of Allowances into CITSS Accounts



# Settlement Price & Bid Fulfillment Determination

- Bid evaluation and settlement price determination for the Current Auction and Advance Auction are conducted separately, in consecutive order.
- Joint auction bid evaluations and settlement price determinations will be conducted in USD.
  - The value of all bids and bid guarantees submitted in CAD will be converted into USD in whole cents using the established Auction Exchange Rate.
  - All bid assessments, the settlement price, and the cost of all allowances awarded will be determined in USD.
  - For any qualified bidder bidding in CAD, the total cost of allowances is first determined in USD and then converted to a CAD value based on the Auction Exchange Rate to allow the entity to complete financial settlement in CAD.

# Settlement Price & Bid Fulfillment Determination

- The settlement price determination process requires that the Auction Administrator rank qualified bids from all qualified bidders from the highest qualified bid price to the lowest qualified bid price using the USD value of the bids.
  - Allowances will be awarded to participants, beginning with the highest qualified bid price and moving to successively lower qualified bid prices, until the entire supply of allowances is exhausted or all qualified bids have been fulfilled.
  - Qualified Bids are the bids that remain after a qualified bidder's submitted bids have been evaluated and reduced to meet all bidding limitations.
  - Settlement Price is the price that all successful bidders will pay for their allowances.
- If the total qualified bid allowances exceeds the total allowances offered at the settlement price, a tiebreaker process is used.

# Settlement Price & Bid Fulfillment Determination

## Tiebreaker Process

- The tiebreaker process is used during the settlement price determination if the quantity of allowances bid for at the settlement price exceeds the remaining allowances available for sale.
  - Each qualified bidder's share is determined based on the share of total allowances that can be awarded to a qualified bidder at the settlement price.
  - Number of allowances awarded is determined as the qualified bidder's share multiplied by the allowances remaining to be sold (rounded down to nearest whole allowance).
    - If there are allowances remaining as a result of rounding down, those allowances are awarded to qualified bidders by assigning a random number and distributing from the lowest to highest number.
- Further descriptions of the tiebreaker process are provided in the Auction Examples document.

# Auction Conduct

- Pursuant to Section 95914(c) of the California Regulation, no registered entity shall release any confidential information related to its auction participation, including but not limited to:
  - Intent to participate, or not participate, at auction, auction approval status, maintenance of continued auction approval;
  - Bidding strategy;
  - Bid price or bid quantity information;
  - Information on the bid guarantee provided to the Financial Services Administrator.

# Auction Conduct

- The California and Québec Regulations require that any entity participating in an auction that has retained the services of a consultant or advisor regarding auction bidding strategy must ensure against the consultant or advisor transferring information to other auction participants or coordinating the bidding strategy among participants.
- The entity must inform the consultant or advisor of the prohibition of sharing information to other auction participants and ensure the consultant or advisor has read and acknowledged the prohibition under penalty of perjury.
- All auction applicants are required to inform their respective jurisdictions of the retention of an auction advisor or consultant, as specified in the Detailed Auction Requirements and Instructions document.
- A consultant or advisor retained by a CA entity must provide CARB with information as specified in the Regulation and described in the Auction Notice at least fifteen (15) days prior to an auction.

# Market Monitoring

- CARB staff, MELCC staff, and the Market Monitor actively monitor the GHG allowance auctions and market activities, including GHG allowance holding positions.
- The Market Monitor reviews bidding activity and works with CARB and MELCC to identify any bidding or trends of concern that may indicate manipulative or anti-competitive bidding behavior.
- Any fraudulent, manipulative, collusive, or noncompetitive behavior may be investigated and prosecuted in accordance with all applicable laws and regulations.
- CARB and MELCC staff provide final auction monitoring results to the Executive Officer and the Environment Minister.

# Auction Results and Certification

## Joint Auction Summary Results Report

- The Joint Auction Summary Results Report will be posted on the CARB and MELCC websites five (5) business days after the auction is conducted.
  - The date of posting is provided in the Auction Notice.
  - The posting is anticipated to occur at 12:00 PM (Noon) PT / 3:00 PM ET.
  - In the event of a delay, a message will be posted on the jurisdictions' websites providing the new time for the release of the auction results.
- The Joint Auction Summary Results Report provides general results and statistics of the auction.
- The Joint Auction Summary Results Report will be available in English on the CARB website and English and French on the MELCC website.

# Auction Results and Certification

## Joint Auction Summary Results Report (cont'd)

- Only qualified bid statistics will be provided.
- The Joint Auction Summary Results Report will include the following for both the Current and Advance Auctions:
  - Number of allowances available at auction
  - Number of allowances sold at auction
  - List of qualified bidders
  - Ratio of total quantity of qualified allowances bid to total allowances available for sale
  - Percent of allowances won by compliance entities (this category includes opt-in entities)
  - Auction Settlement Price
  - Auction Reserve Price
  - Herfindahl-Hirschman Index (HHI)
  - Bid Price Summary Statistics



# Auction Results and Certification

## Availability of Participant Results

- Following the posting of the Joint Auction Summary Results Report, the jurisdictions will certify the auction in the Auction Platform.
  - Representatives of qualified bidders will receive email notification from [auctionsupport@ihsmarkit.com](mailto:auctionsupport@ihsmarkit.com) that qualified bidder results are available in the Auction Platform.
- Upon certification, representatives of qualified bidders will be able to view and download the following from the Auction Platform:
  - **Client Bids Report:** This is the qualified bidder's detailed auction results.
  - **The Financial Statement:** This is the qualified bidder's financial settlement invoice.
    - Availability of the Financial Statement upon certification of the auction represents the beginning of the seven (7) day period in which an auction qualified bidder is required to complete payment to the Financial Services Administrator of the amount due for allowances awarded.

# Auction Results and Certification

## Financial Settlement and Client Bids Report

- Following certification of an auction, qualified bidders download their Financial Statement and Client Bids Report from the Auction Platform's Reports module.

The screenshot displays the 'Auction & Reserve Sale Platform' interface. The top navigation bar includes 'Home', 'Resources', and 'Auction'. A user is logged in as 'California Company 1 A Smith' with options for 'SUPPORT', 'CHANGE PASSWORD', and 'LOGOUT'. The last login was on 16-Jun-2017 at 11:59 AM (ET). A status indicator shows 'NO AUCTION OPEN'.

The main content area welcomes users to the GHG Allowance Auction & Reserve Sale Platform. It announces that the next Quarterly Auction will be held on 21 February 2018, with a countdown timer showing 43 days, 22 hours, and 13 minutes.

A table provides key auction details:

Annual Auction Reserve Price	USD 14.53	CAD 14.68
Auction Reserve Price	USD 14.53	CAD 15.98 1.1000 USD to CAD FX Rate
<a href="#">Auction Reserve Price Determination Explanation</a>		

The 'REPORTS' module is active, showing options for 'Document Type' (Auction, Template) and 'Report or Document'. A dropdown menu is open, listing 'Joint Auction/Enchère liée #2', 'Joint Auction/Enchère liée #1', 'Client Bids', 'Client Bids Audit', and 'Financial Statement'.

# Auction Results and Certification

## Financial Settlement and Client Bids Report (cont'd)

- The **Financial Statement** will include:
  - Auction Information
    - Settlement Price (Current and Advance)
    - Number of Successful Bids and Successful Bid Allowances (Current and Advance)
    - Total Bid Cost (Current, Advance, and Combined Total Cost)
  - Account Information
    - Qualified bidder Information
    - Bid Guarantee Submitted by Type (cash, LOC, or bond)
    - Amount Due to Financial Services Administrator (if any)
    - Amount Due By Date (if an amount is due)
  - Wiring Instructions for Submitting Payment
- The **Client Bids Report** provides records on all bids submitted by a qualified bidder in their final form, identifying each successful and unsuccessful bid and the number of allowances awarded.

# Financial Settlement

## Payment Requirements

- Qualified bidders must download their Financial Statement to determine any amounts owed.
- For those qualified bidders that submitted cash bid guarantees, the Financial Services Administrator will use the cash submitted to settle for any amounts owed.
- Qualified bidders that submitted a physical bid guarantee instrument must submit cash by wire transfer as financial settlement for any amounts owed, no later than seven (7) days after certification of an auction.
  - The payment deadline for each auction is listed in the Auction Notice.
- Bank/cashiers checks will not be accepted.
- The Financial Services Administrator will draw on physical bid guarantees for qualified bidders that fail to submit payment for amounts owed by the deadline provided in the Auction Notice.

# Financial Settlement

## Bid Guarantee Return

- For qualified bidders that submitted a cash bid guarantee, the Financial Services Administrator will return unused cash through wire transfer within approximately 3 business days after the auction is certified based on the return instructions specified during the auction application process.
- For winning bidders that submitted a physical bid guarantee, following receipt of all amounts owed, the Financial Services Administrator will return physical bid guarantee instruments through FedEx or DHL delivery based on the return instructions specified during the auction application process.

# Closing Activities

## Post Joint Auction Public Proceeds Report

- California and Québec will release separate, jurisdiction-specific Post Auction Public Proceeds Reports, which will provide the final amount of jurisdiction proceeds.
- Refer to the Auction Schedule provided in the Auction Notice for the expected date that the Post Joint Auction Public Proceeds Report will be available.

# Closing Activities

## Transfer of Allowances into CITSS Accounts

- Allowances are transferred to successful bidders following completion of financial settlement and distribution of auction proceeds to the jurisdictions and consigning entities.
  - Each jurisdiction conducts separate transfers for the allowances offered from the jurisdiction.
- The expected date for allowance transfers is provided in the Auction Schedule in the Auction Notice.
- Additional information on the transfer of allowances into CITSS Accounts is available in the Detailed Auction Requirements and Instructions document.

# Contact Information

## Auction and Financial Services Administration

- **Auction Administrator:** Markit North America, Inc.
  - Email support: [auctionsupport@ihsmarkit.com](mailto:auctionsupport@ihsmarkit.com)
  - Call (877) 762-7548 from 8:00 AM to 6:00 PM PT
- **Financial Services Administrator:** Deutsche Bank National Trust Company
  - Email support: [db.wcisupport@db.com](mailto:db.wcisupport@db.com)
  - Call:
    - (212) 250-2885 from 8:00 AM to 5:00 PM ET, or
    - (212) 250-2679 from 8:00 AM to 5:00 PM PT



# Contact Information

## CITSS Registration and Accounts:

- Please contact CITSS Help Desk:
  - Email: [CACITSSHelpdesk@arb.ca.gov](mailto:CACITSSHelpdesk@arb.ca.gov)
  - Call (916) 324-7659

## California and Québec Cap-and-Trade Programs:

- **California entities:**
  - Call: (916) 322-3908
  - California Air Resources Board Cap-and-Trade Program webpage: <http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>
  - Auction Information webpage: <http://www.arb.ca.gov/auction>
- **Québec entities:**
  - Please contact the MELCC at: 1-418 521-3868, ext.7400
  - <http://www.environnement.gouv.qc.ca/changements/carbone/documentation-en.htm>